

Message Text

LIMITED OFFICIAL USE

PAGE 01 KHARTO 01542 051107Z

ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01
OMB-01 NSC-05 SS-15 STR-04 CEA-01 /101 W
-----060323Z 013445 /75

R 051003Z MAY 77

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 4320

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY NAIROBI

LIMITED OFFICIAL USE KHARTOUM 1542

DEPARTMENT PLS PASS OPIC AND EXIM

ATHENS FOR RTDO

E.O. 11652: N/A

TAGS: ECON, EFIN, SU

SUBJECT: SUDAN'S FINANCIAL PROSPECTS IMPROVE

BEGIN SUMMARY: THERE HAS BEEN NOTICEABLE BRIGHTENING SUDAN
FINANCIAL PICTURE IN LAST FEW WEEKS. RECENTLY AVAILABLE
STATISTICS REVEAL SIGNIFICANTLY IMPROVED BALANCE OF PAYMENT
AND TRADE PICTURE IN 1976 COMPARED TO PREVIOUS YEAR.
MOREOVER, THERE IS EVIDENCE THAT SAUDI FINANCIAL ASSISTANCE
PROMISES BEGINNING TO BE IMPLEMENTED. FOREIGN CREDITORS
INCLUDING NUMBER MAJOR AMERICAN BANKS APPEAR ENCOURAGED BY
INVESTMENT AND TRADE TRENDS, AND THEY DISTINGUISHING SUDAN'S
CONTINUING PROBLEMS FROM THOSE OF EGYPT AND ZAIRE.
IMPROVEMENTS LIKELY TO LEAD TO EVEN GREATER INTEREST
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KHARTO 01542 051107Z

AMONG US FIRMS IN SUDAN MARKET WHERE US EXPORTS HAVE BEEN
STEADILY INCREASING, AND WE ANTICIPATE MORE REQUESTS FOR
EXIM AND/OR OPIC SUPPORT. END SUMMARY.

1. WHILE BANK OF SUDAN CURRENTLY HAVING SOME DIFFICULTY
IN MEETING OBLIGATIONS PROMPTLY, BALANCE OF PAYMENTS
AND TRADE ARE IMPROVING. BOP DEFICIT DECLINED BY 62 PERCENT

FROM 1975 TO 1976 WHILE EXPORTS ROSE BY 27 PERCENT AND IMPORTS DECLINED BY FIVE PERCENT. OPTIMISM ABOUT SHORT-TERM ECONOMIC PROSPECTS IS RISING DUE BOTH TO BETTER ECONOMIC PERFORMANCE AND EXPECTATIONS OF ARAB ASSISTANCE.

2. THERE SOME EVIDENCE EXPECTED INFUSION OF SAUDI BOP SUPPORT, REPORTEDLY PROMISED DURING KING KAHLID'S VISIT LAST NOVEMBER, MAY BE NEAR. AT SAME TIME, APPEARS SAUDIS HAVE FIRMLY AGREED FINANCE PROJECTS FOR SUDAN'S ARMED FORCES, AND WE KNOW OF AT LEAST ONE CONTRACT FOR AMERICAN COMMUNICATIONS EQUIPMENT WHICH HAS BEEN SIGNED NOW THAT SAUDI FINANCING HAS BEEN APPROVED. ARAB INVESTMENTS AND LOANS FOR AGRICULTURAL AND OTHER DEVELOPMENT PROJECTS ARE CONTINUING. SAUDI DEVELOPMENT ORGANIZATIONS MAY BE ABOUT TO OFFER CONCESSIONAL FINANCING FOR 100-150 MILLION US DOLLARS OF INFRASTRUCTURE COSTS FOR KENANA SUGAR PROJECT. IN ANY CASE KENANA FINANCIAL SITUATION HAS IMPROVED FOLLOIWNIG SERIES RECENT MEETINGS HERE AND IN KUWAIT.

3. BANK OF SUDAN DATA SHOW THAT BOP DEFICIT DROPPED ROM 416 MILLION US DOLLARS TO 156 MILLION US DOLLARS IN 1976. ON A PAYMENT BASIS, DECREASE BALANCE OF TRADE DEFICIT WAS ALSO DRAMATIC, DECLINING FROM 345 MILLION US DOLLARS TO 74 MILLION US DOLLARS. HOWEVER, EMBASSY HAS SOME DIFFICULTY RECONCILING PAYMENTS INFORMATION WITH CUSTOMS DATA. LATTER SHOWS THAT TRADE DEFICIT DECLINED FROM 519 MISSION US DOLLARS TO 371 MILLION US DOLLARS. HOWEVER, PAYMENTS AND CUSTOMS DATA BOTH ARE CONSISTENT SHOWING DECREASED IMPORTS AND INCREASED EXPORTS. EXPORTS WERE UP BY MORE THAN 100 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KHARTO 01542 051107Z

MILLION US DOLLARS IN 1976 AND EMBASSY PROJECTS FURTHER INCREASE IN 1977 TO 600-650 MILLION US DOLLARS. THIS ESTIMATE BASED ON PROJECTED COTTON EXPORTS OF OVER 400 MILLION US DOLLARS AND MORE THAN 100 MILLION US DOLLARS OF OILSEEDS. DROP IN IMPORTS APPEARS TO BE DUE TO STRICT ADMINISTRATION OF FOREIGN EXCHANGE CONTROLS BY BANK OF SUDAN AND LACK OF CREDIT FACILITIES FOR GOVERNMENT INVESTMENT PROJECTS. MOVEMENT ON DEVELOPMENT PROJECTS, HOWEVER, PROBABLY WILL LEAD TO EXPANDED IMPORTS IN 1977. IMPORTS OF CONSUMABLES IN 1976 PROBABLY DECLINED WHILE PRIVATE SECTOR CAPITAL INVESTMENT IMPORTS INCREASED SLIGHTLY.

4. FOREIGN CREDITORS, INCLUDING NUMBER OF AMERICAN BANKS, APPEAR ENOURAGED BY INVESTMENT AND TRADE TRENDS. THEY SEE SUDAN'S BALANCE OF PAYMENTS PROBLEM AS 'DEVELOPMENT DEFICIT' AND CONTRAST IT WITH IMPORT PATTERN OF EGYPT. PROSPECT OF SUBSTANTIAL AID AND INVESTMENT FLOWS FROM ARABS ALSO DISTINGUISHES SUDAN FROM ZAIRE. ADDITIONAL AMERICAN BANKS APPEAR TO BE CONSIDERING OPENING BRANCH AND REPRESENTATIVE

OFFICES IN SUDAN AND ONE AMERICAN BANK CONSIDERING OPENING JOINT VENTURE DOCUMENTARY AND EXPORT FINANCING BANK WITH SUDAN DEVELOPMENT CORPORATION BASED IN LONDON. ONE MAJOR US BANK HAS INDICATED THAT IMPROVED COTTON SALES AND IMMINENT SAUDI ASSISTANCE SHOULD RESULT IN MORE BANK CREDIT AVAILABLE FOR SUDAN. APPARENTLY THIS BANK HAS ALREADY LOOSENED ITS PURSE STRINGS SOMEWHAT ON BASIS COTTON SALES ALONE.

5. COMMENT: ECONOMIC ACTIVITY CLEARLY IS HAMPERED BY SERIOUS FINANCIAL PROBLEMS. IT HAS BEEN DIFFICULT TO RELATE LONG-TERM MULTIBILLION DOLLAR ARAB INVESTMENT PLANS TO SUDAN'S CURRENTLY TIGHTLY STRETCHED FOREIGN EXCHANGE RESOURCES. HOWEVER, AFTER PROLONGED PERIOD OF HARDSHIP, INVESTMENTS ARE BEGINNING TO BEAR FRUIT. SUBSTANTIAL PROJECTS STILL BEING IMPLEMENTED AND THEIR BOP IMPACT WILL NOT BE FELT FOR SEVERAL YEARS. INCREASED EXPORTS ARE PARTICULARLY ENCOURAGING AND MAY PROVIDE SUDAN GREATER ACCESS TO FINANCIAL MARKETS. WE EXPECT THAT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 KHARTO 01542 051107Z

AMERICAN SUPPLIERS WILL BE APPROACHING EXIM WITH INCREASING REGULARITY FOR DEVELOPMENT RELATED PROJECTS, PARTICULARLY AS US HAS BECOME MAJOR SUPPLIER IN LAST TWO YEARS. ULTIMATELY, HOWEVER, CONTINUED FLOW OF ALL TYPES OF FUNDS FROM ARAB WORLD, INCLUDING BALANCE OF PAYMENTS SUPPORT (DISGUISED OR UNDISGUISED) REMAINS KEY ELEMENT IN FINANCIAL PICTURE. BREWER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KHARTO01542
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770158-0960
Format: TEL
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770591/aaaadagu.tel
Line Count: 145
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c67e179a-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2633443
Secure: OPEN
Status: NATIVE
Subject: SUDAN'S FINANCIAL PROSPECTS IMPROVE BEGIN SUMMARY: THERE HAS BEEN NOTICEABLE BRIGHTENING SUDAN FINANCIAL PICTURE IN LAST FEW WEEKS. RECENTLY AVAI
TAGS: ECON, EFIN, SU, US
To: STATE ATHENS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c67e179a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009